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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 1, 2010

Andre Zeitoun
Applied Minerals, Inc.
P. O. Box 968
Osburn, Idaho 83849

Subject: Fifth Review of Notice of Intention to Commence Large Mining Operations, Applied Minerals, Inc., Dragon Mine, M0230080, Juab County, Utah

Dear Mr. Zeitoun:

The Division has completed a review of your Notice of Intention to Commence Large Mining Operations for the Dragon Mine, which was received April 22, 2010. We previously sent you a draft, advance copy of this review but felt it would be best to formalize the comments. The attached comments will need to be addressed before tentative approval may be granted.

Please contact me at 801-538-5261 or Wayne Western at 801-538-5263 if you have questions about these comments.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:whw:vs

Attachment: Review

cc: jerry_mansfield@blm.gov

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**Fifth REVIEW OF NOTICE OF INTENTION
TO COMMENCE LARGE MINING OPERATIONS
Applied Minerals Inc.
Dragon Mine
M/023/0080
June 1, 2010**

106.7 - Existing vegetation - species and amount

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Appendix 4	Please include a summary showing the percentage of vegetation cover. (Comment only; no response needed.) Data in the vegetation survey appears to have been taken mainly (entirely?) in undisturbed areas, but most of the mine will be in areas that are currently disturbed. The revegetation success standard will be based on the data in the plan which is probably representative of a near-climax vegetation community showing the potential of undisturbed areas to support vegetation. When waste material has been mostly removed and the site is being reclaimed, the re-exposed soils may be capable of supporting this type of vegetation community, but it may be several years before organic matter and bacteria, fungi and other biota accumulate to the point that a near-climax community can exist. In other words, it may be difficult to achieve 70 percent of the vegetation cover of the areas that were sampled. The rules, however, do contain a provision that revegetation can be considered successful when the operator has done everything within practical limits.		

R647-4-113 – Surety

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	App. VI	General comment about location factor. The Division does not use location factors. Under the City Cost Index in the R. S. Means handbook the local factor for contractor equipment is usually within a few percentage points for any city listed in Utah. For Site and Infrastructure, Demolition the installation costs is also within a few percentage points of the national average. The material costs can be range from 76% to 86% of the national average. Since demolition and earthwork require a minimum amount of material those costs can be considered negligible. Therefore, please remove the locale factor from your calculations.	whw	
	App. VI Portable Offices	Please include the disposal costs for all portable offices. The disposal costs must include transportation to a licensed disposal facility and the dump fees. Also include the cost for demolition and disposal for all concrete foundations, floors or pads that the buildings are placed on.	whw	
	App. VI Steel Open Bay Buildings	Please include the disposal costs for all building debris. The Division does allow the Operator to ship all steel to a recycle facility that will accept the material for no cost. Transportation costs must be included. Means costs include a 20 mile haul to a disposal facility. Please include the cost to demolish all concrete foundations, floors and pads associated with those buildings.	whw	

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Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	App. VI Frame Building	Please include the disposal costs for all building debris. Please include the transportation costs to the licensed disposal facility and the dump fees. Also include the cost to demolish and dispose of all concrete foundations, floors and pads.	whw	
	App. VI Steel Office	Please include the disposal costs for all building debris. The Division does allow the Operator to ship all steel to a recycle facility that will accept the material for no cost. Transportation costs must be included. Means costs include a 20 mile haul to a disposal facility. Please include the cost to demolish all concrete foundations, floors and pads associated with those buildings.	whw	
	App. VI Portals	The Division uses a standard cost of \$2,000 per portal. Please list the number of portals on site.	whw	
	App. VI	Please use the Division standard vegetation cost of \$1,000 per acre.	whw	